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Shall Wilmington stop growing?

Wilmington, Delaware

[1919]

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THE IMPORTANCE OF IMMEDIATE HOME BUILDING

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——Prepared by——
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PREFACE

Housing conditions in Wilmington are desperate. The city can look forward to no progressive future; indeed, it cannot even hold its own, unless something constructive and on a large scale is undertaken immediately. We are face to face with a situation in which the demand cannot create the supply. Every thoughtful citizen knows some of the factors which enter into the case, but it seemed to be desirable and necessary to review all the elements at one time. This has been attempted in the following pages.

The Central Labor Union, during April, 1919, appointed George Sauter, Fred W. Stierle, John H. Hickey, Isaac J. Kent and Robert Kramer a committee to study the housing situation in Delaware and particularly to report upon the possibility of starting an Octavia Hill Association for the city. Mr. James J. Dale succeeded Mr. Kent on the committee.

The Service Citizens of Delaware, during May, 1919, appointed Charles C. Kurtz, David Snellenburg, William Coyne, James I. Ford and Mrs. Preston Lea as its committee, with similar aims and duties.

These committees have met repeatedly as a joint body under the chairmanship of Mr. David Snellenburg, with Mr. Fred W. Stierle as Secretary. They collected a vast amount of evidence, sought diligently for the underlying causes of vicious housing and the shortage of homes and have considered every remedy which has been suggested or which has been tried elsewhere.

In this work the Committees sought the assistance of the Bureau of Municipal Research, an organization which had helped many communities toward a solution of their problems. Thoroughly competent representatives of the Bureau came to Wilmington, studied the material the joint committees had collected, made investigations of their own to verify and supplement the findings and have rendered a report to the Committees. The formal report is a document of considerable length and much detail but its salient facts and recommendations are given in simpler form in the present pamphlet.

The material herein presented is of such vital importance to Wilmington that it deserves the most careful study. American civilization will be blighted unless the thoughtful people of each community endeavor seriously to cure their local ills and errors. If there is a way out from the congestion and corruption Wilmington ought to find the way. The Joint Committee believes that this report gives Wilmington a fair chance to do its duty and become an ideal community.

This Bulletin is published at the request of the Joint Committee, by the Service Citizens of Delaware.

JOSEPH H. ODELL, Director.

The Wilmington Housing Corporation

A Plan to Provide Homes for the Population of Wilmington

The Housing Shortage

Wilmington needs homes for 7,800 people at once. This will require the construction of 1,500 dwellings in the immediate future.

The Causes

The causes of the present acute shortage of homes are clear. Since the beginning of the war barely enough homes have been built in Wilmington to house the normal increase of population, while during the same period, the expansion of Wilmington's industries have brought an extraordinary increase in population. Since the spring of 1914 the population has increased approximately 19 per cent while the number of dwellings has increased but 11 per cent.

The Effects of the Housing Shortage

This lack of homes is a vital problem. It has already been felt in dangerous overcrowding, in excessively high death and infant mortality rates, in rent profiteering, in decreased industrial efficiency, in increased labor turnover, and has actually resulted in driving workers and business to other cities where homes can be found. If the present housing shortage coontinues for any considerable period of time the effect upon Wilmington will be serious indeed. Wilmington cannot expect to grow without first meeting its housing problem; it cannot get new business, without an adequate supply of efficient labor; it cannot man the industries, without housing the man. Whole families cannot live in one room and rear strong, healthy children. The wage earner cannot pay half his earnings for rent and still support his family. The foreigner cannot be Americanized when forced to live in un-American surroundings.

The ultimate effect of bad housing reaches still further. It results in sickness, in poverty, in crime. In England it has been authoritatively stated that 50 per cent of all pauperism, more

than 60 per cent of the cost of providing for that pauperism, much lunacy, and a great deal of crime, is due to sickness; and that a great deal of this sickness is brought about by the conditions in which the people live.*

The Cost of Bad Housing

There is nothing more costly than bad housing. The property owners pay for it in taxes and the poor rate; industry pays for it in labor shortage and decreased efficiency; the merchant pays for it when workers with wages to spend are driven to other cities to live; the community pays for it in epidemics and sickness, in moral degeneration and crime, in labor unrest and dissatisfaction; the workers pay for it by suffering; the growing children pay for it in stunted growth, weakened physique and bad habits.

Private Builders Cannot Meet the Situation

It is now over one year since the signing of the armistice. With the end of the war it was hoped that private builders would make up for lost time and build enough homes to meet the need. But events have proved that the hope was vain. Not enough homes have been constructed to take care of the normal increase of population. Less houses have been built in the last twelve months than during any war year. The private builders are afraid to go ahead. Building costs have risen between 93 per cent and 105 per cent since 1914; a decrease in building prices and therefore in rents is expected in the next few years, so that the promoter hesitates to build at present prices for fear his buildings will have to compete for tenants or purchasers with other homes of equal quality but lower cost. For the same reason, the building promoter has found it difficult to finance his operations; the investors are holding back. Money for home building is hard to find. Tax exempt bonds and lucrative industrial stocks are draining the market. The situation in Wilmington is still further aggravated by the state mortgage law. The successful financing of large home building projects depends in no small measure upon the possibility of marketing first and second mortgages. Under the present state law the holder of the second mortgage has almost no protection and no interest inducement, and as a result second mortgages cannot be marketed. The lack of city zoning is a further deterrent to home building. Except for the restriction on public garages, each prop-

*Thomas Adams of the Local Government Board, London, 1911 proceedings of the National Conference on City Planning, p. 36.

erty owner has an unlimited right to make any use of his property regardless of its influence upon the homes of his neighbors. No residence section is safe against the invasion of shops and factories.

The costs attendant upon real estate transactions are thought by some to be a hinderance to building projects. Under the present practice where land is bought, a building constructed and a mortgage placed, three separate and distinct title searches must be made and paid for, and as there are no title guarantee companies in Delaware, these title searches are of no binding validity. There are those who believe that the tax rate is a deterrent to home building. There are, however, many American cities with higher rates and more adequate housing and still others with lower rates and more critical housing shortages. A study of other cities leads to the conclusion that the tax rate has little to do with housing shortages. But whatever the causes, one thing is clear: **the housing shortage in Wilmington is not being met by private builders and private investors. The housing problem must be attacked by the community.**

A One Million Dollar Housing Corporation

The only solution of the problem is the organization of a housing corporation to build homes in Wilmington. This corporation should be organized by the citizens of Wilmington under the laws of the state with a capitalization of $1,000,000. The stock of the corporation should be issued in $100 shares, to be subscribed primarily by the merchants and the industries, and also by the public in general in proportion to the stake of each in the progress and welfare of Wilmington. Dividends should be limited to 4 per cent inas much as the real return from the investment is to be found in more and better homes, and a growing city.

Because of the size of the building corporation, it would be possible to operate on a large scale and to reap the economies of such production. In the opinion of many the present high costs of home building in Wilmington are partially due to the fact that there are no big contractors in the city, and each small contractor with but a few men working under him requires not only a builder's profit but his own salary as well. The 350 bricklayers in the city are working for 42 contractors, illustrating the results of present uneconomical small scale production.

It has been suggested that the housing corporation should enter into an agreement with the Building Trades Council, and with each of the

unions represented in the Council, whereby strikes and inter-union disputes would be eliminated by the workmen on the housing corporation's projects in return for preferential rights to take options on any of the houses constructed at the average cost of construction. If some such arrangement can be arrived at, the labor cost of construction would be held at a minimum.

The housing corporation would devote its main energies in the immediate future to building standard attractive low priced homes for industrial workers. With the economies that can be effected by the housing corporation in purchase of materials, in construction, in marketing, and in securing capital at a 4 per cent rate of interest, it is estimated that a six-room house with bath and kitchen can be sold for from $3,000 to $3,500. The lowest priced dwellings now being erected by private builders sell from $5,000 and $6,000 up, and are obviously constructed for the salaried and professional groups. In this field the private contractors should be encouraged to continue construction, while the housing corporation would take as its aim the building of the cheapest possible decent home for the wage earner. These houses should be rented or sold on a monthly payment plan.

The corporation should offer its services to individuals who desire to build homes provided those individuals either own a lot or have in cash 10 per cent of the cost of the new house and the lot, and where the individual is in a position to return to the corporation the amount of its advance in monthly payments of not less than 1 per cent per month.

In order to prevent speculators from stepping in between the housing corporation and the purchasers or renters of homes, the corporation should not allow one person to purchase more than one of its houses, should manage its own rental properties directly, and should continue to build more homes as the only guarantee against the possibility of profiteering.

The building corporation should be organized under a charter broad enough to permit the corporation to sell credits based upon collateral arising from its operations. The funds of the corporation will finance construction up to the point where mortgages or other securities can be issued and sold or used as collateral for obtaining further working funds. There will thus be a rotating fund of constantly increasing effectiveness.

Housing Corporations in Other American Cities

Wilmington is not the only city with a housing shortage. Practically every industrial city in the United States faces a similar problem. The more progressive cities are meeting this situation chiefly through the organization of housing or home builders' corporations along the lines here recommended for Wilmington.

Akron, Ohio, has organized the Home Owners' Investment Company, capitalized at $5,000,000. Under the slogan "More Homes for Akron," this company has already completed or commenced over 400 houses, and has loans outstanding of over $2,000,000. The board of directors is composed of the leading business men of Akron, and employs a thoroughly competent staff to handle the work. The Dallas Housing Company was capitalized at $4,000,000. It reports large economies in the purchase of land and materials, and especially in construction where one foreman can supervise several houses instead of one. The small city of Kenosha, Wisconsin, organized the Kenosha Homes Company in 1916 with a capital of $25,000. This company is now being enlarged by the sale of $175,000 of capital stock and $150,000 additional in preferred stock. The company has erected and sold 198 houses, principally on the installment plan, without losing a dollar on delinquent purchasers. On October 31 it was completing a project of 88 houses, all but 8 of which had already been sold. A tract of land which the company purchased three years ago had so risen in value that a profit of $25,000 was to be expected from the sale of the land. Lockport, New York, with a population in 1915 of but 18,000, is expanding the Lockport Homes Company to a capitalization of $500,000. This company has already built 88 single houses, and now contemplates the erection of three men's dormitories and 300 houses, mostly double. The funds for this project are being raised by the same plans that were used in the Liberty Loan campaigns. Bridgeport, Connecticut; Grand Rapids, Michigan; South Bend, Indiana; St. Louis, Missouri; Gloversville, New York; Auburn, New York; Bellville, Illinois; Racine, Wisconsin; and many other cities of all sizes have found that the only satisfactory method of going about the solution of the housing problem is for the community to organize a home building corporation with a substantial operating capital, and for this corporation to commence the building or financing of homes without delay. These cities have found what Wilmington is discovering:

watchful waiting will not solve the housing shortage.

The Slums of Wilmington.

Those who know Wilmington know the slums of Wilmington. The conditions disclosed by the school census taken by the Women's Committee of the Delaware State Council of Defense, the corroborative evidence from the health surveys of Dr. McCombs and Dr. Terry, and the reports of conditions now coming before the committee on rent profiteering need no elaboration here. All through the heart of the city thousands of families are living under conditions that are a menace to them and to the community. In five of the more crowded sections 26,785 people were found to be living in 24,271 rooms, or more than one person for every room in every dwelling. In a section lying in the Fourth, Sixth and Eighth wards, 9,950 people were living in 7,056 rooms, or at the high rate of three people for every two rooms of every home in the section. In individual houses of eleven rooms, as high as five and six families were found with 28 and 25 people respectively. Across the Christiana River, in the Second ward, there were shacks with tide water standing in the cellars and even in the first floors of homes. In the Tenth ward a ten-room dwelling was housing six families of 16 people; and an eight-room house, four families of 15 people. The Eleventh ward was reported as "terribly overcrowded." From a number of cases selected at random it was found that an average six-room house contained three families of 14 people. That these conditions undoubtedly persist to the present time is indicated by the following isolated cases of overcrowding.

Near Claymont and Christiana Avenues, a detached room which was formerly not inhabitated, and which has no water, no heat and no sanitary facilities, is now rented for $20 per month as a family home.

Near Third Street and Railroad Avenue, a single room without water or sanitary facilities rents for $3 a week. It is the home of a man, his wife and a half-grown step-daughter.

Building alterations during recent months indicate that landlords are making over their properties in order to accommodate two and three families in the same space that was formerly allotted to one. One old seven-room house on East Thirteenth Street was recently bought for $1,900, remodeled into an eighteen-room house, and now brings in a monthly rental of $112. A two-story one family house on East Twenty-second Street, which formerly rented for $19 a month, was re-

cently converted into apartments for two families and now rents for $50 a month. The adjoining one family house has also been altered. Similar alterations are in evidence all through the older residence sections of Wilmington.

The present overcrowding in many sections is rendered more dangerous by the lack of sanitary facilities. There are inhabited areas without sewers, without water, and in some cases without sewers or water. The recent health survey brought to light the fact that in certain more crowded sections house sewer connections have not been made, with the result that disease-breeding yard privies are still maintained within the city itself. The direct effect of these conditions in producing typhoid fever was demonstrated beyond question by Dr. Terry. Inefficient garbage collection also shows its effects most seriously in the crowded areas, with all that this means in filth and disease.

In addition to overcrowding; to the lack of either sewers, water, or both; to garbage-strewn alleys, and uncollected filth, even the casual observer is impressed by the widespread dilapidation in many sections, especially of rear houses, sheds, and stairs. Incontrovertible evidence exists of leaking roofs, dark narrow stairways decayed with age, rotted floors, undrained privies and polluted yards.

Wilmington has its slums. They existed before the war, though conditions have become vastly worse as a result of the housing shortage. They are the product of the carelessness of the past, of inadequate laws and lax enforcement. Through all the past years the community has devoted its energies to getting more business, erecting finer buildings, expanding its industries, and accumulating greater profits. Little or no thought and effort have been devoted to making plans for the decent housing of the workers. Little has been accomplished to clean up the slums and make it impossible for new slum conditions to develop. The time has now come for the community to face the situation and begin the work of slum clearance and slum prevention.

Eradicating the Slums

The Million Dollar Housing Corporation should establish a section for the management of rental properties. This section should offer its services to the owners of tenement houses and dwellings, especially in the congested areas, to act as their agents in the upkeep of the properties and in all dealings with the tenants, including the collection of rent. The rental section should employ women rent collectors, who by temperament and training

are fitted to become the friends and counsellors of the tenants, helping them in their troubles, and building up in them a sense of interest in their homes, and a knowledge of the fundamental rules of cleanliness and health. In the worst sections of Wilmington the Housing Corporation should acquire and remodel dwellings where the owners are unwilling to meet the demands of the community by providing decent living conditions for their tenants. This method of approach is nothing more than the application in Wilmington of the principles of the Octavia Hill and similar associations that have done such valuable work in the slums of London, New York, Boston, Philadelphia and Cincinnati.

The Philadelphia Octavia Hill Association is a particularly good example for Wilmington. It has been in existence for almost a quarter of a century, owns or is agent for approximately $700,000 worth of dwellings and tenements in the poorer sections of Philadelphia, and has paid regular dividends on its stock each year. It has taken over run down slum properties, like those of Wilmington, and has made of them decent homes, which return a fair net income to the owners. It has set the standard for private landlords in neighboring sections, and has made more human the relations of landlord and tenant.

The establishment of a rental section of the Housing Corporation along the lines of the Octavia Hill Association is clearly necessary. This, however, does not relieve the authorities of the city from enforcing those provisions of the law which require landlords to maintain their property in a sanitary condition. There are at the present time, in the judgment of those qualified to know, houses which should be condemned and closed in spite of the housing shortage. Manifestly, however, the more extensive campaign for slum clearance cannot be carried through until the work of building new homes is under way. A constructive housing program for the city, however, must not overlook the congested areas and slum sections.

Wages and Housing

The most recent comprehensive wage statistics for Wilmington are those collected during the winter of 1917 by Mr. Nolen. At that time, of 9,500 workers for whom wage figures were available, 58 per cent were unskilled. Their average wage was $18 per week, while the average for skilled labor was $27. Since that time there has been a slight increase in wage rates, though it is stated by those best qualified to know that the weekly earnings,

not necessarily wages, of unskilled labor at the present time are not above $18 or $19.

It is a well established fact, borne out by recent cost of living studies of the Federal government, that the worker cannot pay more than one week's earnings for one month's rent. Where higher rent payments prevail, the wage earner's family must suffer. Lodgers must be taken into already crowded accommodations; the standards of living in clothing and food must be lowered; the women and children must be put to work to increase the family income. On the present wage basis, then, a large part of the population of Wilmington cannot afford a rent of more than $18 a month.

Assuming a rental of $18 per month—$216 per year—as the average which the wage earner can pay, a builder in return for this rental could not afford to invest more than $1,950 for land and dwelling. The cheapest available land with sewer and water connections would cost approximately $300, leaving but $1,650 for the house. As we have already seen, under present building costs the cheapest decent house that can now be erected must sell for from $3,000 to $3,500. It is thus impossible to build new homes with rentals within the reach of the average worker.

The homes that are to be built by the Housing Corporation cannot sell with land for less than $3,300, nor rent for less than $25 per month* These houses will thus meet the needs of the skilled and salaried workers who have a steady income of at least $25 a week, or $1,300 a year. Those with a lower income will not be able to rent the new houses but will find it possible to better conditions under which they live in the old houses as the congestion is lessened by the new homes. It is at this point, in ameliorating the conditions of the least skilled workers, that the rental section of the Housing Corporation will perform its chief services. It is here, too, that the strict enforcement of the health and sanitary laws of the city will be required.

The Federal Government and Peace Time Housing

As a war measure the Federal government expended $110,000,000 to provide housing for war workers. Some of this was spent in Union Park Gardens. The peace time housing program of the Federal government is as yet unsettled. Various measures have already been introduced in Congress by which the government would establish a permanent Housing Bureau to gather information

*An interest return of 4 per cent is here calculated, as the funds of the corporation are secured at that rate.

and a Federal Building Loan Bank to place urban mortgages on the same footing as rural mortgages under the Federal Farm Loan Act.* None of these bills contemplate direct housing construction by the government. It is thus clear that if Wilmington proceeds immediately to organize its Housing Corporation, it will be in a position to make use of any federal assistance that may be available in the future, and that nothing is to be gained by waiting for the passage of any of these measures.

A Housing Program for Wilmington

The main features of a constructive housing program for Wilmington have already been described. The establishment of a million dollar housing corporation to carry through large development projects and to build houses for individual home owners is the only method of securing inexpensive new houses at the present time in Wilmington. This corporation should establish a rental section to apply Octavia Hill principles to the management of rental properties especially in the poorer residence sections. As a further means of cleaning up the slum areas, the city authorities should be called upon to enforce the present health and sanitary laws, and if these are inadequate, or if more inspectors are needed, the city government should make the necessary changes.

New laws are needed to make second mortgages more attractive and more secure, and to provide for the guaranteeing of land titles by the government along the lines worked out in Massachusetts and New York under the Torrens system. These laws will make more money available for home building and will lessen the costs and uncertainties of transactions in land.

The community as a whole must put a stop for the future to the hit or miss development of the city. Plans must be made for the growth of Wilmington, plans that will allow a definite and logical place for factories, for shops, for parks, for schools, for public buildings, and above all, for homes. The present slums and the present deteriorating residence streets are in part the product of the planless development of the past. For this reason, any constructive housing program must demand the adoption of a well considered city plan and the enactment of a comprehensive zoning ordinance. Once such an ordinance has been adopted, home building will be safer and therefore less expensive The ordinary man will build a home with

*S. 1469 (Calder), S. 168 (Kenyon), H. R. 6871 (Nolan), H. R 7014 (Tinkham).

the knowledge that the neighborhood cannot be ruined by shops, factories or other home injuring uses.

For a Greater Wilmington

The citizens of Wilmington must choose between two policies: They may make a deliberate organized effort to eradicate the slums and to provide enough decent homes for the people of Wilmington, or they may sit back and wait for things to right themselves. In either case they will pay. If they organize and build, they will pay for a definite object and within certain limits, on terms of their own choosing. If they fail to build, they will pay in labor unrest, decreased efficiency, high unit costs, loss of business, a retarded Americanization movement, and a general lowering of the health and moral calibre of the whole community. Bad housing is a drain on the present and a mortgage on the future.

The constructive housing program here outlined is inexpensive in comparison, if indeed expense is to be the determining factor in an issue where human welfare and happiness are at stake. The organization of the housing corporation with its section on rentals will require no small personal effort; it will demand one million dollars of capital at 4 per cent interest; the program will call on the city government for more effective law enforcement; it will require the amendment of the mortgage law and possibly the establishment of the Torrens system of land registration; and finally a city plan must be drawn and a comprehensive zoning ordinance adopted. With the energetic adoption of these measures, the present difficulties may be largely overcome and the foundations laid for a greater Wilmington.

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